



FRANK O'BANNON, Governor

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To: Agency Payroll and Benefit Managers
From: Tonya Fortner, Finance Director
Date: December 20, 2002
Subject: Prior Calendar Year Insurance Deduction Corrections

In 1998, the State Personnel Department (SPD), with the approval of the State Board of Accounts, implemented a procedure for the correction of erroneous insurance deductions made in a prior calendar year. The payroll procedures for correcting erroneous deductions in the current calendar year remains the same. **Please note that these procedures are to be used when correcting SPD administered benefits only.**

In the event of a prior calendar year insurance error, the agency should complete in red ink the attached PRIOR CALENDAR YEAR INSURANCE CORRECTION REQUEST form. The request should be submitted to the State Personnel Department (SPD), Benefits Division. **Copies of all supporting paperwork must accompany the request.** This includes original applications, Universal Payroll Authorization's (AS-47), notification of erroneous deductions from a carrier, and/or any other paperwork pertaining to the request. In the event of multiple insurance provider errors, or errors crossing more than one rate period, please complete separate requests. Upon receipt of the request, SPD Benefits Division will review the request and the supporting documentation to make a determination as to the validity of a request, the timeliness of the request, and contract compliance. Upon authorization by the Benefits Division, the request will be forwarded to SPD Finance Division for final processing. The Finance Division will verify the rates, pay periods and submit the appropriate correcting entries to the Auditor of State on a Journal Voucher (JV). **Refunds to agencies will be processed upon receipt of refunds from providers.** A copy of the PRIOR CALENDAR YEAR INSURANCE CORRECTION REQUEST form will be returned to the preparer with the Auditor assigned JV number and date. **All incomplete requests or requests without proper documentation will be returned to the agency.**

The agency is responsible for the collection or refund of the employee's share to the employee. A deposit of a collection should be made to the agency account on a Report of Collection. A refund to the employee should be made from the agency account on a Claim Voucher. **At no time should the collection or refund of the employee's prior calendar year deductions be processed through the payroll system.**

SPD will be responsible for processing the appropriate transactions to move the funds between the State provider accounts and the agency payroll account, as well as the collection and/or refund of the state and employee contributions to the appropriate insurance providers. Examples of requests are attached for your benefit. Refunds to agency accounts for prior fiscal years will be made to miscellaneous revenue, object 490101.

Exception to the rule: All prior year Employer FMLA premiums can be processed through the Auditor payroll system.

Please share this information with your agency's accounting department. Should you have any questions regarding this process, please contact Rebecca Irvin at 232-8887.

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